

Message Text

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FM SECSTATE WASHDC

TO USDEL SECRETARY PRIORITY

UNCLAS STATE 292995 TOSEC 310429

FOR UNDER SECRETARY ROGERS FROM SORENSON

FOLLOWING REPEAT BORDEAUX 205 ACTION SECSTATE, INFO ALL EC CAPITALS,
EC BRUSSELS, MTN GENEVA, PARIS, LONDON, LYON, MARSEILLE, NICE
STARSBOURG DTD 30 NOV 76.

QTE: UNCLAS BORDEAUX 205

DEPARTMENT PASS AGRICULTURE

E.O.11652 N/A

TAGS: EAGR, ETDR, FR

SUBJECT: COGNAC/POULTRY

REF: BORDEAUX 0146

1. LOCAL REACTION IN THE COGNAC REGION TO THE USG S RECENT
DECISION TO INCREASE THE DUTY ON COGNAC HAS BEEN MIXED. ON
THE ONE HAND, THERE IS A GENERAL FEELING OF BITTERNESS OVER
THE AMERICAN ACTION WHICH IS SEEN AS PROTECTIONIST. ALSO,
THE LOCAL GROWERS AND NEGOCIANTS IN COGNAC FEEL THAT THEY
HAVE BEEN LET DOWN BY THEIR OWN GOVERNMENT WHICH, THEY BELIEVE
HAD GIVEN THEM SOME ENCOURAGEMENT AND LED THEM TO BELIEVE THAT
THE PROPOSED USG ACTION WAS PROBABLY AN OVERALL NEGOTIATING
BID AND VIRTUAL QUOTE BLUFF UNQUOTE. ON THE OTHER HAND, THE
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PARTIAL INCREASE IN THE US DUTY ON COGNAC HAS ALLEVIATED THE

WORST FEARS OF THE LOCAL GROWERS AND NEGOCIANTS, I.E., THE ANTICIPATED LOWERING OF THE THRESHOLD PRICE FROM 17 DOLLARS TO 9 DOLLARS A GALLON. LOCAL GROWERS AND NEGOCIANTS FIGURE THAT THE ACTUAL DECISION TO LOWER THE THRESHOLD PRICE TO 13 DOLLARS A GALLON WILL RAISE THE PRICE OF A BOTTLE OF COGNAC IN THE AMERICAN MARKET BY ONLY 60 CENTS TO 70 CENTS. THIS IS LESS SERIOUS A MARKETING HURDLE THAN THEY ANTICIPATED.

2. HOWEVER, SOME SOURCES FEEL THE DECREASE IN THE THRESHOLD PRICE WILL HAVE A REAL EFFECT ON THE SALE OF COGNAC IN THE NEAR FUTURE SINCE PURCHASES OF COGNAC IN 1975 BY AMERICAN IMPORTERS INCREASED IN ANTICIPATION OF THE HIGHER DUTIES TO BE IMPOSED. MR. GRAILLE, THE DIRECTOR OF THE NATIONAL INTERPROFESSIONAL OFFICE OF COGNAC, TOLD THE PRESS THAT THE USG DECISION WILL NULLIFY ALL THE PROMOTIONAL EFFORTS THAT THE COGNAC GROWERS HAVE MADE VIS A VIS THE USA DURING THE LAST FEW YEARS. HE REITERATED THAT, ONCE AGAIN, THE COGNAC REGION IS NOT SUFFICIENTLY ARMED TO FACE SUCH A SITUATION AND THAT THE COGNAC PROBLEM IS ONE THAT CAN BE SOLVED ONLY AT THE NATIONAL LEVEL.

3. MR. JACQUES BEGOUIN, PRESIDENT OF THE WINE GROWERS SYNDICAT OF POITOU-CHARENTES AND THE VENDEE, TOLD THE LOCAL PRESS THAT THE USG DECISION IS A VERY DIFFICULT BLOW FOR A REGION WHICH DID NOT NEED ANY ADDITIONAL PROBLEMS. HE SAID THE COGNAC GROWERS HAVE BEEN WELL AWARE THAT THIS DAMOCLES SWORD HAS BEEN HANGING OVER THEIR HEADS SINCE 1974 AND THAT DURING A PROMOTIONAL VISIT TO CANADA LAST SEPTEMBER JIMMY FORD, VICE PRESIDENT OF HIRAM WALKER DISTILLERS, TOLD THEM THAT THE SITUATION FOR COGNAC WAS QUITE DANGEROUS BECAUSE OF THE TURKEY PROBLEM. MR. BEGOUIN SAID HIS GROUP IMMEDIATELY INTERVENED AT THE EUROPEAN LEVEL SO THAT ALL PRECAUTIONS COULD BE TAKEN TO AVOID THE THREAT TO COGNAC. HE CONCLUDES THAT ONE MUST NOW ACCEPT THE FACT THAT NOTHING WAS DONE.

4. THE PRESIDENT OF THE REGIONAL AGRICULTURAL CHAMBER OF POITOU-CHARENTES, MR. BOUTTEAUD, HAS SUGGESTED THAT PRESSURE SHOULD BE BROUGHT TO BEAR ON FRENCH PARLIAMENTARIANS WHO SHOULD, IN TURN, URGE FRENCH PRESIDENT GISCARD D ESTAING TO RAISE THE COGNAC ISSUE DIRECTLY WITH PRESIDENT-ELECT CARTER IN THE FIRST

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ROUND OF BI-LATERAL DISCUSSIONS BETWEEN THE TWO CHIEFS OF STATE. THIS IS BASICALLY A REACTION TO THE GENERAL BELIEF HELD LOCALLY THAT THE COGNAC GROWERS ARE POORLY DEFENDED AT THE MULTILATERAL FORUM IN BRUSSELS.DJEREJIAN
UNQTE: ROBINSON

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